

U. S. Department of Housing and Urban Development



Homeownership Center

Region VIII, Denver
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Denver, Colorado 80202-3690

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March 28, 2003

Ms. Kimberly Stuart
Community Lending Team
Minnesota Housing Finance Agency
400 Sibley Street, Suite 300
St. Paul, MN 55101-1998

Dear Ms. Stuart:

Thank you for your waiver request dated February 7, 2003. Waivers are intended to grant lenders the authority to approve acceptable situations that appear contrary to FHA guidelines.

Your request is to waive HUD Mortgagee Letter 2002-22, which prevents governmental units and instrumentalities to use "agents" to make a second lien mortgage on FHA loans. A memo from Mr. Kenneth Roland, Attorney-Advisor, Office of Counsel, dated December 4, 1996, addressed this issue with North Dakota Housing Finance Agency's Start Program, a program that is similar to your Entry Cost Homeownership Opportunity (ECHO), Homeownership Assistance Fund (HAF), and Homesteps Programs. It is our understanding that ML 2002-22 does not negate the previous finding described in the memo. Therefore, this letter is an affirmation that these previous programs shall remain in effect.

Minnesota Housing Finance Agency's (MHFA) Single Family Mortgage Program can utilize for-profit lenders to originate both the first and second mortgages. This approval is subject to MHFA's review and approval of the second mortgage prior to origination by the lender.

A copy of this letter must be included in the case binders when submitting the loans for FHA endorsement.

If you would like further assistance on this matter, please contact Ms. Harriette Lynn, Housing Program Specialist, at (800) 543-9378, ext. 1983.

Sincerely,

A handwritten signature in blue ink, which appears to read "Ron Bailey", is written over the word "Sincerely,". The signature is stylized and includes a large loop at the end.

Ron Bailey
Director
Denver Homeownership Center